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Xencor and Chugai Initiate Partnership for Optimized Antibodies

Chugai licenses Xencor's XmAb™ technology to enhance antibody efficacy Monrovia, CA January 10, 2005 – Xencor today announced a license and collaboration agreement with Chugai Pharmaceutical Co., Ltd. (Chugai) to create monoclonal antibodies with greatly enhanced potency. Chugai will use Xencor's XmAb technology on Chugai's antibodies against a proprietary cancer target. The XmAb technology consists of a suite of engineered antibody Fc domains that can be applied to any antibody to control the recruitment of the immune system's effector functions and to greatly increase antibody-mediated tumor killing.

Under the terms of the agreement, Xencor will receive technology access and license fees, and is eligible to receive additional license fees, milestones and royalties in the event Chugai advances candidates into development. Financial terms were not disclosed.

"We are excited that Chugai, a leading pharmaceutical company with a history of success in protein and antibody therapeutics, is partnering with us to apply our XmAb technology in its antibody discovery efforts," said Harry Stylli, Ph.D., President and CEO of Xencor. "The XmAb technology can be applied to any antibody in a plug-and-play fashion, thereby creating multiple collaboration and product opportunities. The Chugai collaboration furthers our strategy of licensing the XmAb technology to multiple partners for specific targets while retaining rights for the internal development of a portfolio of next-generation antibodies."

About XmAb™ Technology

Xencor has developed a suite of Fc variants to improve the therapeutic properties of monoclonal antibodies. Xencor's Fc variants can be inserted into therapeutic candidates against any target antigen and may improve one or more important effector functions, including enhanced antibody mediated tumor cell killing, improved half-life, and improved structural stability. XmAb antibodies are produced using conventional expression and manufacturing processes. Xencor has also restored effector functions in aglycosylated antibodies, thereby creating an opportunity to use alternative expression systems with the potential of significantly lower cost of goods.

About Xencor

Xencor, Inc. is a privately held biopharmaceutical company focused on the discovery and development of protein therapeutics for the treatment of cancer, inflammation and autoimmune disorders. Xencor applies its proprietary Protein Design Automation® technology to rapidly discover and develop novel proteins and next generation versions of existing biotherapeutics with improved safety and efficacy by optimizing such properties as binding affinity, specificity, stability, expression level and potency. Xencor is developing antibodies with improved immune effector function and half-life, which are humanized and affinity matured using its proprietary technology. Xencor is also developing proprietary inhibitors of Tumor Necrosis Factor (TNF), a key target in arthritis and other rheumatic disorders. Xencor has collaborations with Genentech, Eli Lilly and Company and Protein Design Labs. Additional information is available at www.xencor.com.